REMARKS

I. Introduction

In response to the Office Action dated June 14, 2005, no claims have been cancelled, amended or added. Claims 1-6 remain in the application. Re-examination and re-consideration of the application is requested.

II. Non-Art Rejections

A. The Office Action Rejections

In item (2) of the Office Action, claims 1-6 were rejected under 35 U.S.C. §103(a) as being unpatentable over Price et al., "College Accounting, Seventh Edition," (Price) in view of Official Notice.

Applicant's attorney respectfully traverses these rejections.

B. Applicant's Independent Claims

Independent claims 1, 3, and 5 are generally directed to a method, system and article of manufacture for performing financial processing in a computer. Claim 1 is representative, and comprises the steps of:

(a) accessing account, event and organization attributes from a database accessible by the computer, wherein: (1) the account attributes comprise data about accounts being measured, (2) the event attributes comprise data about account-related transactions, and (3) the organization attributes comprise data about the organization's financial status;

(b) performing one or more profitability calculations in the computer using the account, event and organization attributes accessed from the database, as well as one or more profit factors and one or more rules, wherein the profitability calculations comprise:

$$\text{Profit } (a_i) = \text{Net Interest Revenue (NIR) } (a_i)$$
$$+ \text{ Other Revenue (OR) } (a_i)$$
$$- \text{ Direct Expense (DE) } (a_i)$$
$$- \text{ Indirect Expense (IE) } (a_i)$$
$$- \text{ Risk Provision (RP) } (a_i)$$

for an account a_i, and

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(c) performing one or more earnings calculations in the computer using results from the profitability calculations, as well as shareholder value add attributes and tax adjustment attributes accessed from the database, wherein the earnings calculations comprise:

$$E(a_i) = [\text{Profit}(a_i) - SVA(a_i)] * (1 - \text{EffectiveTaxRate})$$

wherein:

$\text{EffectiveTaxRate} = (1 - \text{tax rate}_2) * (\text{tax rate}_1) + \text{tax rate}_2$, tax rate$_1$ and tax rate$_2$ are effective rates, tax rate$_2$ is deducted from income, and tax rate$_1$ is not deducted from income,

$SVA(a_i) = \text{Risk Adjusted Hurdle Rate} * \text{Allocated Capital}$,

$\text{Risk Adjusted Hurdle Rate} = \alpha + \beta(a_i) * x$,

α is a risk free rate on capital,

x is a market premium of a Financial Institution's capital relative to the market, and

$\beta(a_i)$ is a function of a cohort of accounts in which a_i is a member.

C.   The Price Reference

Price is a college accounting textbook that describes accounting concepts and principles. The portions cited describe analyzing business transactions including the accounting cycle, accounting for assets and liabilities including accounts receivable and uncollectible accounts, and responsibility and cost accounting including departmentalized profit and cost centers.

D.   The Applicant's Invention is Patentable Over the Reference

The Applicant's invention, as recited in independent claims 1, 3 and 5 is patentable over the references, because it contains limitations not taught by the references. Specifically, the references do not teach or suggest the specific combination of limitations found in Applicant's claims.

The Office Action, however, asserts the following:

>   2.   Claims 1-6 are rejected under 35 U.S.C. 103(a) as being unpatentable over Price in view of Official Notice.
>   Applicant is directed towards the previous Office Action, paragraph 4, regarding Price, in view of Official Notice. Applicant's March 22, 2005 REMARKS have been reviewed, but are not convincing. Applicant's profitability calculations are common knowledge variances for defining earnings calculations.
>   Applicant's attempt at traversing the Official Notice findings as stated in the previous Office Action mailed November 22, 2004 is inadequate. Adequate

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traversal is a two step process. First, Applicant must state their traversal on the record. Second, and in accordance with 37 C.F.R. § 1.111(b) which requires Applicant to specifically point out the supposed errors in the Office Action, Applicant must state why the Office Action statements are not to be considered common knowledge or well known in the art.

In this application, Applicant has clearly not met step (1) as not traversal of Official Notice has been taken. Second, Applicant has failed step (2) since they have failed to argue why the Official Notice statements are not to be considered common knowledge or well known in the art. Because Applicant's traversal is inadequate, the Official Notice, e.g. common knowledge, statements are taken to be admitted as prior art. See, MPEP § 2144.03

The previous Office Action asserted the following:

Claims 1-6 are rejected under 35 U.S.C. 103(a) as being unpatentable over Price et al. "College Accounting, Seventh Edition" (hereafter "Price")

Price discloses, e.g. pgs 28-41, 529, 531, 966-982 (Fig. 27-5), a method measuring profit based on the factors of net interest revenue, other revenues (Fig. 27-5, line 4, "Operating Revenues"), direct expenses (Fig. 27-5, line 22, "Direct Expenses"), indirect expenses (Fig. 27-5, line 30, "Indirect Expenses"), and risk (Fig. 27-5, line 6, "Less Sales Returns and Allowances"), all set up to take advantage of flexible business rules.

Official Notice is taken that performing financial processing using computer software is common knowledge in the art.

To have provided business rules to calculate known variations of one of the factors, e.g., earning factors, would have been obvious to one of ordinary skill in the art. To have provided a method of performing financial processing for an account using software for a computer measuring profit based on the factors of net interest revenue, other revenues, direct expenses, indirect expenses and risk, to calculate known variations of one of the factors, e.g. earning factors, would have been obvious to one of ordinary skill in the art. Doing such would incorporate common knowledge data along with common knowledge software.

Applicant's August 13, 2004 and February 11, 2004 REMARKS have been reviewed, but are not moot in light of the new rejection. In short, Applicant's profitability calculations are common knowledge variance for defining total income less total expenses. The account, event and organization attributes, e.g., future losses, direct and indirect expenses, claimed have been common knowledge criteria used within the business community for a period of time far exceeding Applicant's filing date. To have incorporated such common knowledge in the profitability calculations of Price, as modified by Official Notice, would have been obvious to one of ordinary skill in the art.

Applicant's attorney respectfully disagrees.

Applicant's attorney does not traverse Official Notice, but does traverse the assertion that Price when combined with Official Notice teaches Applicant's claims. Instead, Price merely

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provides a college accounting textbook that describes general accounting concepts and principles, while Official Notice merely states that performing financial processing using computer software is common knowledge in the art.

According to the Office Action, to have provided a method of performing financial processing for an account using software for a computer measuring profit based on the factors of net interest revenue, other revenues, direct expenses, indirect expenses and risk, to calculate known variations of one of the factors, e.g. earnings factors, would have been obvious to one of ordinary skill in the art, and doing such would incorporate common knowledge data along with common knowledge software.

But, such an assertion is unsupported by the evidence, and merely comprises hindsight by the Office Action. Under M.P.E.P. §2141.01, "[t]he references must be viewed without the benefit of impermissible hindsight vision afforded by the claimed invention."

For example, the combination of Price and Official Notice does not teach or suggest Applicant's specific claim limitations directed to "performing one or more earnings calculations in the computer using results from the profitability calculations, as well as shareholder value add attributes and tax adjustment attributes accessed from the database, wherein the earnings calculations comprise:

$$E(a_i) = [\ Profit(a_i) - SVA(a_i) \ ] * (1 - EffectiveTaxRate)$$

wherein:

$EffectiveTaxRate = (1 - tax \ rate_2) * (tax \ rate_1) + tax \ rate_2$, tax $rate_1$ and tax $rate_2$ are effective rates, tax $rate_2$ is deducted from income, and tax $rate_1$ is not deducted from income,

$SVA(a_i) = $ Risk Adjusted Hurdle Rate * Allocated Capital,

Risk Adjusted Hurdle Rate $= \alpha + \beta(a_i) * x$,

α is a risk free rate on capital,

x is a market premium of a Financial Institution's capital relative to the market, and

$\beta(a_i)$ is a function of a cohort of accounts in which a_i is a member."

Instead, the Office Action only makes a general reference to "earning factors" without citing any specific location within Price as teaching the limitations of Applicant's claims, or explaining how the mere computer-implemented financial processing of Official Notice would accomplish these limitations. Neither Price nor Official Notice teaches or suggests the limitations, and thus the combination does not teach or suggest the limitations.

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Under M.P.E.P. §§ 2142 and 2143.03 "[t]o establish prima facie obviousness of a claimed invention, all the claim limitations must be taught or suggested by the prior art. In re Royka, 490 F.2d 981, 180 USPQ 580 (CCPA 1974). "All words in a claim must be considered in judging the patentability of that claim against the prior art." In re Wilson, 424 F.2d 1382, 1385, 165 USPQ 494, 496 (CCPA 1970)." This has not been done in the instant application,.

The Office Action rejections of the dependent claims are even more cursory than the Office Action rejections of the independent claims. The dependent claims remain unaddressed by the Office Action, except for a general assertion of unpatentability.

Thus, Applicant's attorney submits that the independent claims are allowable over Price and Official Notice. Further, the dependent claims are submitted to be allowable over Price and Official Notice in the same manner, because they are dependent on independent claims, and because they contain all the limitations of the independent claims. In addition, the dependent claims recite additional novel elements not shown by Price and Official Notice.
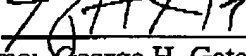
III.   Conclusion

In view of the above, it is submitted that this application is now in good order for allowance and such allowance is respectfully solicited. Should the Examiner believe minor matters still remain that can be resolved in a telephone interview, the Examiner is urged to call Applicant's undersigned attorney.

Respectfully submitted,

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